

# Maryland Department of Budget & Management

## Office of Personnel Services and Benefits

PARRIS N. GLENDENING  
Governor

FREDERICK W. PUDDESTER  
Secretary

T. ELOISE FOSTER  
Deputy Secretary

April 26, 1999

**Re: Solicitation No. F10R9000120  
Preferred Provider Organization (PPO)**

To All Prospective Offerors:

Attached are the following:

- 1) Amendment 1 to the Requests for Proposals for Preferred Provider Organization;
- 2) Acknowledgment of Receipt of Amendment 1;
- 3) Summary Report of Vendor Questions and State Responses to Written Questions Submitted;
- 4) Summary of the Pre-Proposal Conference of April 19, 1999;
- 5) Attendance sheet of the Pre-Proposal Conference of April 19, 1999; and
- 6) Disk containing text file on the Direct Pay information.

If the vendor chooses to submit a proposal in response to this RFP, the Acknowledgment of Receipt must be signed by the vendor and submitted with the technical proposal.

Thank you for your interest in this solicitation.

Sincerely,

Joel Leberknight  
Procurement Officer

cc: Gladys Gaskins, Director of Employee Benefits

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### ACKNOWLEDGMENT OF RECEIPT OF AMENDMENT 1 REQUEST FOR PROPOSALS

#### PREFERRED PROVIDER ORGANIZATION (PPO)

**Solicitation No. F10R9000120**

The undersigned hereby acknowledges that Amendment 1 to the Request For Proposals for Preferred Provider Organization (PPO) has been received and read, and that the proposal submitted by the undersigned in response to the Request For Proposals is based upon full knowledge of the contents of the Request For Proposals and Amendment 1.

Offeror's Name: \_\_\_\_\_

Street Address: \_\_\_\_\_  
\_\_\_\_\_

City & State: \_\_\_\_\_ Zip Code: \_\_\_\_\_

Signature of Agent: \_\_\_\_\_

Title of Agent: \_\_\_\_\_

Date: \_\_\_\_\_

**NOTE: This acknowledgment of receipt of Amendment 1 must be enclosed with the offeror's technical proposal.**

Summary of Preproposal Conference - April 19, 1999  
Preferred Provider Organization (PPO)  
**Solicitation No. F10R9000120**

The Preproposal Conference commenced at 9:05 a.m.

1. Opening Statement - Diane Bell, Director of Operations, Employee Benefits
  1. Introduction: Diane Bell introduced: Jake Pyzik, Director, Fiscal Management, Employee Benefits; Joel Leberknight, Procurement Officer, Department of Budget and Management; Rick Johnson and Keith Weaver, Consultants with the Segal Company.
  2. Submitted written questions will be read and answered during the preproposal conference.
  3. Verbal questions will be entertained.
  4. Questions which cannot be answered during the conference will be researched and a response will be included in this summary.
  5. Conference Reporting Services is transcribing the preproposal conference.
- II Overview of Procurement Process
- X Mr. Joel Leberknight, Procurement Officer, DBM, gave a brief overview of the procurement process and reported as follows:
  - Notice to Offerors - Vendors who do not intend to submit proposals are asked to submit this notice, with comments. This notice assists the State in improving the quality of State proposal solicitations and to make the procurement process more user-friendly and more responsive.
  - Section 1.1 - Summary of Statement - The Department intends to award contracts to no more than two (2) Preferred Provider Organization (PPO) vendors to provide health insurance benefits for State members and their dependents.
  - Section 1.3 - Issuing Office and Procurement Officer - reiterated that the sole point of contact for this RFP is Ms. Gladys Gaskins, Employee Benefits Division, 301 West Preston Street, Room 509, Baltimore, Maryland. Questions should be directed to the

issuing office. Wherever Procurement Officer is referenced in the RFP that would be Mr. Joel Leberknight.

- S Section 1.4 - Preproposal Conference - highlighted that the preproposal conference was being transcribed by Conference Reporting Service. Offerors wishing to obtain a copy of the transcript may contact the transcribing company directly at (410) 768-5918. Vendors who were present at the preproposal conference and signed the transcription request sheet will be mailed a copy of the transcript of the preproposal conference. This request sheet was given to the transcribing company.

All vendors known to have received a copy of the RFP will also be sent a summary of the preproposal conference, which is not verbatim, any amendments to the RFP, a copy of the attendance sheet and responses to written questions submitted.

- Encouraged offerors to submit written questions (can be faxed) as early as possible. Questions will be answered based on the availability of the Procurement Officer's time to research and communicate an answer.
- Section 1.5 - Proposal Due Date - The State has a very rigid policy on the timely submission of proposals. The proposals are due to the Issuing Office, specified in the RFP, no later than May 6 at 1:00 p.m. No proposals will be accepted after the due date/time specified in the RFP, unless it is through the fault of the State that the proposal was not received timely.
- S Section 1.6 - Duration of Offer - Duration is 120 days following the closing date.
- S Section 1.7 - Revisions to the RFP - Any amendments or revisions to the RFP will be sent to all potential offerors known to have received a copy of the RFP.
- S Section 1.9 - Oral Presentation - Offerors may be requested to make individual presentations to State representatives in order to clarify their proposal. If this happens it would occur mid to late May.
- Section 1.11 - Multiple and Alternative Proposals - Multiple proposals will not be accepted. Offerors may, however, submit an alternative proposal in addition to a proposal which fully conforms to the requirements of the RFP. All proposals must be marked clearly and concisely on the outside as to whether they are the primary or alternative proposal. If you choose to also submit an alternative proposal you would submit only what differs from the primary proposal.
- S Section 1.12 - Access to Public Records Act Notice - This section is important in that

once an offeror submits procurement documents, they become records in the possession of the State and are subject to disclosure under the Freedom of Information Act. Therefore, if there is information that is confidential and proprietary you must identify these sections. This information should be placed after the title page and before the Table of Contents in both the technical and financial proposals.

- Section 1.14 - Mandatory Contractual Terms - emphasized to offerors to read the terms and conditions carefully in this section. If the offeror takes exception to the terms, its proposals may be rejected. If an offeror feels it must take exception it should identify such exception as soon as possible in the questions to the State and ask for permissibility of such exception.
- Section 1.15 - Proposal Affidavit - This affidavit, Attachment B, must be read and signed and returned upon submission of your proposal.
- Section 1.16 - Contract Affidavit - Only the successful offeror is required to return Attachment C upon notification of contract award.
- Section 1.17 - Minority Business Enterprise - Emphasis was placed on this section. An MBE subcontract participation goal of 15 percent has been established for this procurement. The offeror is required to submit, with its response to this solicitation, a completed Certified Minority Business Enterprise Utilization and Fair Solicitation Affidavit, Attachment D-1. Emphasis is that you will make a good faith effort to achieve the goal.
- Section 1.19 - Competitive Sealed Proposals - The procurement method is competitive sealed proposals which will be mentioned later in the summary.
- Section 1.20 - Contract Duration - The contract duration is three calendar years beginning on about August 1, 1999 to May 30, 2003. The State has the unilateral right to extend the contract for up to two additional one year terms. Potentially it could be a five year contract.
- Section 1.21 - Contract Type - The contract is a firm, fixed price contract. This means that the unit prices on the financial proposal will be firm for the duration indicated.
- Section 2 Offeror Qualifications - Offerors are required to have an Executive Summary and in that summary with the proposal, the offeror should state that they satisfy the qualifications necessary. This applies to both the primary offeror and, should the offeror have any subcontractors that are used other than MBE subcontractors, they must be

identified at that point. **See amendment 1.**

- S Section 3.5 - Deliverables/Delivery Schedule - Selected vendors should be prepared to follow the implementation schedule.
- Section 3.6 - Questionnaire - The purpose of these questions is to obtain information to assist the State in its evaluation of the offeror capabilities. This section is an integral part of the evaluation criteria identified in Section 4 of the RFP.
- S Section 4.1 - Evaluation Criteria - In evaluating proposals, the State's first priority is to maintain sufficient PPO coverage across all geographic areas of the State, including meeting specific geographic coverage needs.

Also in this section the actual evaluation criteria used to evaluate proposals listed in descending order were emphasized.

- Section 4.2 Selection Procedure - Is performed in accordance with competitive sealed proposal process.
  - S The Evaluation Committee is established by the State. The Committee will read and review the technical proposal to determine whether a vendor is technically qualified to perform the duties.
  - S The Committee may bring offerors in for discussions.
  - S Only after all technical evaluations are completed, the financials are opened and reviewed for those responsible offerors judged to be reasonably susceptible of being selected for award.
  - S Offerors determined not to be reasonably susceptible will not have their financials opened.
  - S The Committee may also request best and final offers on the financial proposals.
  - S Then a determination will be made of which offerors are the most advantageous to the State. In making this determination technical merit will receive greater weight than price.
- Section 5.2 Format of the Proposal - emphasized submission of a transmittal letter and statement acknowledging receipt of any and all amendments. Proposals must be submitted in two separate volumes and must be sealed separately from financials. It was indicated in the RFP to submit an original and six copies of each volume. **There will be an amendment to indicate offerors should now submit an original and ten copies of each volume (technical and financial).**

- Section 5.2.1 Volume I - Technical Proposal - It should include an Executive Summary, Offeror Qualifications, Completed Questionnaire and the Required submissions: a) completed Proposal Affidavit, Attachment B; b) Certified Minority Business Enterprise (MBE) Affidavit, Attachment D-1; and c) Financial Statements and Annual Reports.

## II Overview

- a. Background - There will be no regionalization and the State is soliciting for no more than two vendors to provide PPO health insurance benefits.
- b. Closing Date - For submission of the proposals - May 6, 1999 at 1:00 p.m
- c. Contract Date - Beginning on or about August 1, 1999 and ending May 30, 2003.
- d. Statement - Concerning benefits regarding preauthorization requirements for InVitro Fertilization (IVF) on page 21 of the PPO RFP. It is the State=s intent to keep the same preauthorization requirements now in existence. The following are the criteria:

*State Employees Health Benefits Program  
InVitro Fertilization (IVF) and Artificial Insemination (AI)  
Criteria*

InVitro Fertilization (IVF) and Artificial Insemination (AI) benefits are available for a married woman (in accordance with a ceremony recognized by the laws of Maryland) if she is infertile:

- 9 throughout the most recent five (5) years of marriage to the same man; or
- 9 her infertility is due to endometriosis, exposure in womb to diethylstilbestrol (DES), or blockage of or surgical removal of one or more fallopian tubes; or
- 9 male infertility is the documented diagnostic cause.

She must be enrolled in any State of Maryland health benefits plan for twelve (12) consecutive months in order to receive benefits. The patient=s oocytes must be fertilized with the patient=s spouse=s sperm. InVitro Fertilization and Artificial Insemination are covered for a maximum of three (3) attempts combined per employee per lifetime.

## IV. Questions and Answers

- Ms. Bell read the written questions submitted by vendors and their response. These written questions and responses will be enclosed with this summary.

- A vendor at the preproposal posed a question: Is there any claims transaction information available, specifically regarding the actual number of claims paid and denied? Regarding claim experience that include some carve out programs - can that experience be provided without the carve out programs?

**Response:** Please refer to Table A.1, Attachment J of the RFP. The column titled ABill Lines@ represents a single source line item, which may span over one or more days. Examples of a single source line item include the following: 1) single office vision, 2) total intensive care unit (ICU) charges submitted on a UB 92 claim form, and 3) series of allergy treatments (i.e., patient may receive weekly treatments in the provider=s office, but the provider may bill on a monthly basis).

The actual Anumber of claims@ as defined by a particular claims administrator is not available.

#### V. Closing

- Ms. Bell reiterated that written questions should be submitted as soon as possible. However, these questions will be answered subject to the availability of the Procurement Officer=s time to research and communicate an answer.
- A copy of the attendance sheet from the preproposal conference will given out to vendors at the conclusion of the conference. The attendance sheet will also be mailed to all vendors known to have received a copy of the RFP.

The Preproposal Conference adjourned at approximately 10:00 a.m.



**AMENDMENT 1**

**REQUEST FOR PROPOSAL**  
**PREFERRED PROVIDER ORGANIZATION (PPO)**

**Solicitation No. F10R9000120**

The Request for Proposal is amended as follows:

- X On page 7 of the PPO RFP, Section 1.17 Minority Business Enterprises, first sentence reads:  
AA Minority Business Enterprise (MBE) subcontract participation goal of 15 percent has been  
established for this procurement.@

***Modification:***

- **Page of the PPO RFP, Section 1.17 Minority Business Enterprises, first sentence should read: AA Minority Business Enterprise (MBE) subcontract participation goal of 15 percent of the Total Administration Fees found in A.1 of Exhibit 1, page 2 of Attachment H, has been established for this procurement.@**
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- X On page 8 of the PPO RFP, Section 2, Offeror Qualifications it states that the offeror must demonstrate that they satisfy each qualification in the Executive Summary.

***Modification:***

- **Offerors must demonstrate the following qualifications. Offerors must clearly state and demonstrate as indicated in Section 5.2.1 that they meet each qualification and provide reference to the page number in their proposal where such evidence can be found. Offerors should also state within the Executive Summary of their proposals that they satisfy each qualification.**
- 

- § In the Standard Benefits Chart for Medical Plan, page 17 of the RFP under the benefit AHospitalization@ under the columns PPO Out-of-Network Coverage and POS Out-of-Network Coverage it reads 80% after deductible.

***Modification:***

S      **Should read: 80% after deductible; 100% after emergency admission.**

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§      On page 19 of the PPO RFP under the column ABenefit@ under Second Opinion (Surgical).

***Modification:***

S      **On page 19 under the column ABenefit@ under the last item ASecond Opinion (Surgical). An additional benefit segment should be added for AAmbulance Services@: Ambulance Service: 100% for Medical Emergencies - for all columns in PPO, POS and HMO.**

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§      On page 20 of the PPO RFP under the benefits AEmergency Room Services - Inside and Outside of Service Area@ in all columns listed after the last word amount.

***Modification:***

S      **In all five columns after the last word Aamount@ add A, plus \$25 copayment.@**

-      **Add the following definition of AEmergency Services@:**

**NOTE: Emergency Services or Medical Emergency: Health care services that are provided in a hospital emergency facility after the sudden onset of a medical condition that manifests itself by symptoms of sufficient severity, including severe pain, that the absence of immediate medical attention could reasonably be expected by a prudent layperson, who possesses an average knowledge of health and medicine, to result in:**

- 1. Placing the patient=s health in jeopardy;**
  - 2. Serious impairment of bodily functions; or**
  - 3. Serious dysfunction of any bodily organ or part.**
- 

X      On page 22 of the PPO RFP under the benefits column AImmunization@ after the word Aathletics@.

***Modification:***

**The Benefit definition of AImmunization@ after the word Aathletics@ add A, and including Lyme Disease Vaccine.@**

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- X      On page 26 of the PPO RFP fourth bullet from the bottom of the page reads, Aa transplant or procurement done outside the continental U.S.@.

***Modification:***

- Should read, **Aa transplant or procedure done outside the continental U.S.@.**
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X On Page 58 after question 106 follows question 108. The State misnumbered but did not leave out question 107.

***Modification:***

- **Offerors should submit proposals following the order of questions as numbered in the RFP.**
- 

§ On page 73 under Section 5.2 Format of the Proposal - last sentence of the first paragraph reads, **AAn original, so identified, and 6 copies of each volume are to be submitted.@**

§ Under the second paragraph of the same section, the last sentence it reads, **AEnclosed in each package should be the original and six copies of the offeror=s proposal.@**

***Modification:***

S **The last sentence of the first paragraph should read, **AAn original so identified, and ten (10) copies of each volume are to be submitted.@****

S **The second paragraph, last sentence should read, **AEnclosed in each package should be the original and ten (10) copies of the offeror=s proposal.****

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§ On Page 75 of the PPO RFP, Section 5.2.2 Volume II - Financial Proposal - Third line states, **Aoriginal and six copies of the Financial Proposal.@**

***Modification:***

S **Should read, **Aoriginal and ten (10) copies of the Financial Proposal.****

S **Also add, **AThe cost that will be compared among offerors will be the total of costs A.6. and B. on page 2 of Attachment H, Exhibit 1 of the financial proposal.****

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The RFP should be amended as follows:

- X Page 1 of Attachment D under Contractor Responsibilities, first paragraph, first line reads, AA certified MBE subcontract goal of a minimum of 15 percent of the contract has been established for administrative services for this procurement.@

***Modification:***

- After the word 15 percent add, Aof the Total Administration Fees found in A.1 of Exhibit 1, page 2 of Attachment H.@ Therefore, the first line should read, AA certified MBE subcontract goal of a minimum of 15 percent of the Total Administration Fees, of the contract has been established for this procurement.@
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- \$ Attachment H Financial Proposal - Medical Preferred Provider Organization (PPO) - In some RFPs page 3 of 9 AExhibit 2 Estimate of Claims Cost@ was omitted from the RFP.

***Modification:***

- S Enclosed please find Attachment H Financial Proposal - Medical Preferred Provider Organization (PPO), Exhibit 2 Estimate of Claims Cost page 3 of 9.
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- X Page 5 of Attachment I, Plan Performance Standards - Performance Indicator #13 - The last sentence, AThis evaluates the number, not the monetary or financial effect of overpayments and under payments.@

***Modification:***

- S The last sentence which reads, AThis evaluates the number, not the monetary or financial effect of overpayments and underpayments@ should be deleted.
-